

**GAS UTILITY DISTRICT NO. 1  
OF WEST FELICIANA PARISH  
St. Francisville, Louisiana**

**BASIC FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION**

**AS OF AND FOR THE  
YEAR ENDED APRIL 30, 2011**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

**NOV 09 2011**

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH  
ST. FRANCISVILLE, LOUISIANA  
BASIC FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
AS OF AND FOR THE YEAR ENDED APRIL 30, 2011**

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*American Institute of Certified Public Accountants*  
*Association of Governmental Accountants*  
*Governmental Audit Quality Control Center*

**INDEPENDENT AUDITORS' REPORT**

Board Members of the  
Gas Utility District No. 1 of West Feliciana Parish  
P. O. Box 2485  
St. Francisville, Louisiana 70775

We have audited the accompanying financial statements of the business-type activities of the Gas Utility District No. 1 of West Feliciana Parish, a component unit of the West Feliciana Parish Police Jury, as of and for the year ended April 30, 2011, which collectively comprise the Gas Utility District No. 1 of West Feliciana Parish's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Gas Utility District No. 1 of West Feliciana Parish's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities the Gas Utility District No. 1 of West Feliciana Parish, a component unit of the West Feliciana Parish Police Jury, as of April 30, 2011, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2011, on our consideration of the Gas Utility District No. 1 of West Feliciana Parish's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 – 8 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Gas Utility District No. 1 of West Feliciana Parish's financial statements as a whole. The accompanying supplementary information, as listed in the table of contents under Supplementary Information, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.



Mary Sue Stages, CPA,  
A Professional Accounting Corporation  
September 9, 2011

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**BASIC FINANCIAL STATEMENTS**  
**REQUIRED SUPPLEMENTAL INFORMATION**

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**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH  
ST. FRANCISVILLE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
APRIL 30, 2011**

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Management's discussion and analysis (MD&A) is a required element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in Statement No. 34. Its purpose is to provide an overview of the financial activities of the District based on currently known facts, decisions and/or conditions. It should be read in conjunction with the financial report taken as a whole.

**OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION**

These financial statements are comprised of these components – (1) management's discussion and analysis, (2) fund financial statements, (3) notes to the financial statements and (4) required supplementary information. There is also other supplementary information contained in this report provided for additional information.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has one category of funds: proprietary funds.

**Proprietary funds.** The District maintains only one type of proprietary fund – enterprise fund. *Enterprise funds* are used to report the functions financed and operated in a manner similar to private business where the intent of the governing body is that the cost (expenses including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges. The District uses an enterprise fund to account for its gas services.

Statements include the following:

**Statement of Net Assets.** This statement presents information on all of the District's assets and liabilities with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or not.

**Statement of Revenues, Expenses and Changes in Fund Net Assets.** This statement presents information showing how the District's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This statement is designed to show the District's financial reliance on general revenues.

**Statement of Cash Flows.** The change in cash as a result of current year operations is depicted in this statement. The cash flow statement includes a reconciliation of operating income (loss) to the net cash provided by or used for operating activities as required by GASB No. 34.

The fund financial statements can be found on pages 9-13 of this report.

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH  
ST. FRANCISVILLE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
APRIL 30, 2011**

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**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The index of the notes is found on page 15 with the actual notes beginning immediately afterwards.

**Required Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's comparison between the current and prior year contained in this section.

**Other Information.** Additionally, this report also presents certain other information that is deemed useful to users of this report.

**FINANCIAL ANALYSIS OF THE DISTRICT**

Net assets are an indicator of the District's financial position from year to year. A summary of net assets follows.

**SUMMARY OF NET ASSETS  
Business-type Activities**

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Current assets	\$ 1,211,978	\$ 847,380
Investments	1,241,721	1,239,422
Restricted assets	212,952	167,884
Other assets	10,772	11,063
Capital assets, net	<u>4,187,332</u>	<u>3,972,535</u>
<b>Total Assets</b>	<b>6,864,755</b>	<b>6,238,284</b>
 <b>Liabilities</b>		
Current liabilities	252,179	194,837
Long-term liabilities	<u>3,343,609</u>	<u>3,085,676</u>
<b>Total Liabilities</b>	<b>3,595,788</b>	<b>3,280,513</b>
 <b>Net Assets</b>		
Invested in capital assets, net of accumulated depreciation and related debt	1,027,935	1,098,143
Restricted	139,046	256,639
Unrestricted	<u>2,101,986</u>	<u>1,602,989</u>
<b>Net Assets</b>	<b><u>3,268,967</u></b>	<b><u>2,957,771</u></b>

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH  
ST. FRANCISVILLE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
APRIL 30, 2011**

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A summary of changes in net assets is as follows:

**SUMMARY OF CHANGES IN NET ASSETS  
Business-type Activities**

	<u>2011</u>	<u>2010</u>
<b>Revenues</b>		
Charges for services	\$ 2,551,020	\$ 2,957,767
Other operating revenues	3,414	2,332
Non-operating revenues	<u>5,043</u>	<u>3,889</u>
Total Revenues	2,559,477	2,963,988
<b>Expenses</b>		
Operating	2,131,865	2,551,829
Non-operating expenses	<u>116,416</u>	<u>120,315</u>
Total Expenses	2,248,281	2,672,144
Change in net assets	311,196	291,844
Net assets, beginning, restated	<u>2,957,771</u>	<u>2,665,927</u>
Net assets, ending	<u>3,268,967</u>	<u>2,957,771</u>

Cash flow activity of the District for the past two years is as follows:

**SUMMARY OF CASH FLOWS  
Business-type Activities**

	<u>2011</u>	<u>2010</u>
<b>Cash and cash equivalents provided by (used for):</b>		
Operating activities	\$ 588,795	\$ 532,972
Non-capital financial activities	-0-	1,500
Capital and related financing activities	163,809	(101,937)
Investing activities	<u>(392,889)</u>	<u>(201,214)</u>
Net Change in Cash and Cash Equivalents	359,715	231,321
Cash and cash equivalents, beginning of year	<u>887,920</u>	<u>656,599</u>
Cash and cash equivalents, end of year	<u>1,247,635</u>	<u>887,920</u>



**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH  
ST. FRANCISVILLE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
APRIL 30, 2011**

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets:* The District's investment in capital assets, net of accumulated depreciation and related debt at April 30, 2011 and 2010, was \$1,027,935 and \$1,098,143, respectively. Additions during the year included projects associated with relocation of gas lines due to bridge replacements totaling \$370,290, equipment of \$29,149 and vehicles of \$25,649.

Capital assets at year-end are summarized as follows:

	<b>CAPITAL ASSETS</b>	
	<b>Net of Accumulated Depreciation</b>	
	<b>Business-type Activities</b>	
	<u>2011</u>	<u>2010</u>
<b>Non-depreciable Assets</b>		
Land	\$ 7,500	\$ 7,500
<b>Depreciable Assets</b>		
Gas distribution system	4,120,663	3,936,613
Equipment	38,539	21,139
Furniture	746	994
Vehicles	19,884	6,288
<b>Capital Assets, net</b>	<u>4,187,332</u>	<u>3,972,534</u>

*Debt Administration:* Series 2008 revenue bonds were approved to finance gas line replacement projects currently underway. The first advance on bond anticipation notes were received in May of 2007, in the amounts of \$558,000 and \$1,763,853 towards the total bond approval of \$2,790,000. Additional proceeds through Series 2009 revenue bonds were received in the current year totaling \$332,000. Monthly payments of \$14,901 are due on the 15<sup>th</sup> of each month and began in September of 2009.

The Districts owes \$255,180.98 to the Louisiana Department of Transportation and Development for its share of the costs of relocation of utility lines on the Angola-Bains Highway (Route LA 66) per an agreement dated September 10, 1985. The first installment of 10% will be made in the subsequent year.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations and demonstrate the District's commitment to public accountability. Any questions or requests for additional information can be obtained by contacting the Gas Utility District No. 1 of West Feliciana Parish, P. O. Box 2485, St. Francisville, Louisiana 70775 or 225-635-3590.

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**BASIC FINANCIAL STATEMENTS**

**FUND FINANCIAL STATEMENTS**

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**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH  
ST. FRANCISVILLE, LOUISIANA  
STATEMENT OF NET ASSETS  
APRIL 30, 2011**

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	<u>Business-type Activities</u>
<b><u>ASSETS</u></b>	
Current Assets:	
Cash and cash equivalents	\$ 1,034,682.38
Investments	1,241,720.97
Prepaid expenses	4,409.00
Accounts receivable, net of allowance of \$9,099.30	<u>172,886.70</u>
Total Current Assets	2,453,699.05
Restricted Assets:	
Cash and cash equivalents	212,952.34
Capital Assets:	
Property, plant and equipment, at cost, net of accumulated depreciation of \$2,251,488.90	4,187,332.11
Other Assets:	
Bond costs, net of accumulated amortization of \$873	<u>10,772.00</u>
<b>TOTAL ASSETS</b>	<b><u><u>6,864,755.50</u></u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>	
Current Liabilities:	
Payable from current assets:	
Accounts payable	82,399.89
Payroll withholdings and related payables	4,145.00
Accrued interest payable	11,189.53
Compensated absences	45,449.00
Notes payable, short term portion	<u>25,518.10</u>
Total Current Liabilities (Payable from Current Assets)	168,701.52

Continued

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH**  
**ST. FRANCISVILLE, LOUISIANA**  
**STATEMENT OF NET ASSETS (Continued)**  
**APRIL 30, 2011**

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	<u>Business-type Activities</u>
Payable from restricted assets:	
Retainage payable	\$ 29,455.82
Bonds payable, short-term portion	45,450.84
Customer deposits	<u>8,571.16</u>
Total Current Liabilities (Payable from Restricted Assets)	<u>83,477.82</u>
Total Current Liabilities	252,179.34
Long-Term Liabilities:	
Notes payable - La Dept of Transportation & Development	229,662.88
Bonds payable	<u>3,113,946.34</u>
Total Long-Term Liabilities	<u>3,343,609.22</u>
Total Liabilities	3,595,788.56
Net Assets:	
Invested in capital assets, net of related debt	1,027,934.93
Restricted for customer deposits	8,571.16
Restricted for bond related payments	130,474.52
Unrestricted	<u>2,101,986.33</u>
Total Net Assets	<u>3,268,966.94</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>6,864,755.50</u></u>

See Accompanying Notes and Independent Auditors' Report

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH  
ST. FRANCISVILLE, LOUISIANA  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
YEAR ENDED APRIL 30, 2011**

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	<u>Business-type Activities</u>
<b><u>OPERATING REVENUES</u></b>	
Charges for services:	
Gas sales	\$ 2,546,782.23
Meter installations	600.00
Penalties/late charges	3,638.00
Refunds/reimbursements	3,414.02
Total Operating Revenues	<u>2,554,434.25</u>
<b><u>OPERATING EXPENSES</u></b>	
Administrative	32,386.24
Depreciation/amortization	210,581.65
Employee and related expenses	320,941.80
Occupancy	40,408.43
Personal services	1,527,547.00
Total Operating Expenses	<u>2,131,865.12</u>
Operating Income	422,569.13
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>	
Interest earned	5,043.05
Interest expense	(116,416.25)
Total Non-Operating Revenues (Expenses)	<u>(111,373.20)</u>
Change in Net Assets	311,195.93
Net Assets, beginning	<u>2,957,771.01</u>
Net Assets, ending	<u><u>3,268,966.94</u></u>

See Accompanying Notes and Independent Auditors' Report

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH  
ST. FRANCISVILLE, LOUISIANA  
STATEMENT OF CASH FLOWS  
YEAR ENDED APRIL 30, 2011**

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	<u>Business-type Activities</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 2,505,476.31
Cash paid to suppliers for goods/services	(1,594,814.27)
Cash paid to employees for services	<u>(321,867.37)</u>
Net Cash Provided by Operating Activities	588,794.67
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Cash received from bond proceeds	332,000.00
Principal paid on bonds payable	(58,057.63)
Interest paid on bond issuance	<u>(110,133.79)</u>
Net Cash Provided by Capital and Related Financing Activities	163,808.58
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Acquisition and construction of capital assets	(395,632.36)
Interest received	5,043.05
Investments matured/reinvested	<u>(2,299.24)</u>
Net Cash Used for Investing Activities	<u>(392,888.55)</u>
Net Increase in Cash and Cash Equivalents	359,714.70
Cash and Cash Equivalents, beginning of year	<u>887,920.02</u>
Cash and Cash Equivalents, end of year	<u><u>1,247,634.72</u></u>

Continued

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH**  
**ST. FRANCISVILLE, LOUISIANA**  
**STATEMENT OF CASH FLOWS (Continued)**  
**YEAR ENDED APRIL 30, 2011**

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	<u>Business-type Activities</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ 422,569.13
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation/amortization	210,581.65
(Increase) decrease in assets:	
Accounts receivable	(49,882.94)
Prepaid expenses	(68.00)
Increase (decrease) in liabilities:	
Accounts and other payables	6,520.40
Payroll withholdings and related payables	628.94
Compensated absences payable	<u>(1,554.51)</u>
Net Cash Provided by Operating Activities	<u><u>588,794.67</u></u>
 <b>BALANCE SHEET PRESENTATION OF CASH:</b>	
Current Assets:	
Cash and cash equivalents	1,034,682.38
Restricted Assets:	
Cash and cash equivalents	<u>212,952.34</u>
Cash and Cash Equivalents, end of year	<u><u>1,247,634.72</u></u>

See Accompanying Notes and Independent Auditors' Report

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**BASIC FINANCIAL STATEMENTS**

**NOTES TO FINANCIAL STATEMENTS**

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**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH  
ST. FRANCISVILLE, LOUISIANA  
INDEX TO NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2011**

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**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH  
ST. FRANCISVILLE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2011**

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**INTRODUCTION**

The Gas Utility District No. 1 of West Feliciana Parish (hereinafter referred to as the District), located in St. Francisville, Louisiana, was created by the West Feliciana Parish Police Jury as allowed under Louisiana Revised Statutes 33:4301-4308. Eleven commissioners, nine of which are appointed by the parish governing authority, one by the warden of the Louisiana State Penitentiary (Louisiana Department of Public Safety) and one by the chief executive officer of the Eastern Louisiana Mental Health System (Louisiana Department of Health and Hospitals), govern it. Serving approximately 369 customers, it was created to provide natural gas services to the citizens of West Feliciana Parish residing within its boundaries.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting practice of the District conforms to governmental accounting principles generally accepted in the United States of America. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513 and to the guides set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide *Audits of State and Local Governmental Units*. The following is a summary of certain significant accounting policies:

**Financial Reporting Entity:** Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the West Feliciana Parish Police Jury is the financial reporting entity for West Feliciana Parish. The District is considered a component unit of the West Feliciana Parish Police Jury because it appoints a voting majority of the District's governing body and its services are rendered within the Police Jury's boundaries. The accompanying financial statements present information only on the fund(s) maintained by the District and do not present information on the Police Jury, the general government services provided by that governmental unit or the other governmental units that comprise the financial reporting entity.

**Fund Accounting:** The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate entity with a self-balancing set of accounts. Funds of the District are classified under one category: proprietary. Each category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

*Proprietary Funds* – used to account for governmental activities that are similar to activities performed by commercial enterprises in that goods/services are provided for a fee. Proprietary

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH  
ST. FRANCISVILLE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2011**

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funds of the District include the following fund types:

1. Enterprise – account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**Basis of Accounting/Measurement Focus:** In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification, and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

Basis of accounting refers to when revenues and expenses are recognized and reported and relates to the time of the measurement, regardless of the measurement focus applied. The fund statements of the District are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of business-type activities are included in the statement of net assets. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred. In these statements, capital assets are reported and depreciated, and long-term debt is reported.

**Application of FASB Statements and Interpretations:** Reporting on business-type activities is based on FASB Statements and Interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

**Operating/Non-Operating Revenues:** Proprietary funds separately report operating and non-operating revenues. Revenues from transactions of the District's gas services are considered operating revenues. All other revenues, which are reported as cash flows from capital or non-capital financing and investing, are reported as non-operating revenues.

**Cash and Cash Equivalents:** Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law or any other state of the United States or under the laws of the United States.

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH  
ST. FRANCISVILLE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2011**

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**Investments:** Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value, based on quoted market prices, with the corresponding increase or decrease reported in investment earnings.

**Receivables:** The District utilizes the allowance method in accordance with generally accepted accounting principles. Any amounts known to be uncollectible are charged off once all collection efforts have been exhausted.

**Inventory:** Inventory of the District includes only office supplies and various parts used to maintain its gas distribution system, the amount of which is considered immaterial. Therefore, the acquisition of such items is expensed when purchased, and the inventory on hand at year-end is not reported in the accompanying financial statements.

**Use of Estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Capital Assets:** Capital assets are recorded at cost and do not purport to represent replacement or realizable values. The cost of depreciable property is charged to earnings over the estimated useful lives of the assets. Expenditures for maintenance and repairs are charged to expense as incurred. Expenditures for renewals and betterments are generally capitalized. When properties are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized. Depreciation is computed using the straight-line method of depreciation over the following lives – gas system 33 years; equipment 7 years; and vehicles 5 years.

In June 1999, the GASB issued Statement No. 34 which requires the inclusion of infrastructure assets used in governmental activities in the basic financial statements retroactively reported back to 1982. An exception exists for local governments with annual revenues of less than \$10 million. As a result of this exception, the District elected not to report its governmental infrastructure retroactively. From that point forward, the District will use the basic approach to infrastructure reporting for its governmental activities when applicable.

**Compensated Absences:** Vested or accumulated vacation leave is recorded as a fund liability and operating expense in the year earned. In accordance with the provisions of Statement of Financial Standards No. 43, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulated rights to receive sick pay benefits or vacation leave.

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH  
ST. FRANCISVILLE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2011**

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**Net Assets:** In the statements of net assets, the difference between a government's assets and liabilities is recorded as net assets. The three components of net assets are as follows:

*Invested in Capital Assets, Net of Related Debt*

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of capital assets.

*Restricted Net Assets*

Net assets that are reserved by external sources such as banks or by law are reported separately as restricted net assets. When assets are required to be retained in perpetuity, these non-expendable net assets are recorded separately from expendable net assets. These are components of restricted net assets.

*Unrestricted Net Assets*

This category represents net assets not appropriable for expenditures or legally segregated for a specific future use.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

The cash and cash equivalents on hand (book balances) of the District are as follows:

Interest-bearing demand deposits	<b><u>\$ 1,247,334.72</u></b>
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Deposits are stated at cost, which approximates market. Under state law, they must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Even though pledged securities are considered uncollateralized under the provisions of GASB Statement No. 3, La. Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

With the adoption of GASB Statement No. 40, only deposits that are considered exposed to custodial credit risk are required to be disclosed. The District has no deposits exposed to custodial credit risk.

Of the cash balances included above, \$8,571.16 is restricted for customer deposits and \$204,381.18 is restricted for bond-related payments per the regulations of the bond issue.

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH  
ST. FRANCISVILLE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2011**

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**NOTE 3 – INVESTMENTS**

The District has investments in a local government investment pool that is administered by a non-profit corporation, LAMP, Inc. This corporation was organized under the laws of the State of Louisiana, and its purpose is to provide a safe environment for the placement of public funds in short-term, high-quality investments. Investments included in its portfolio, that is restricted to those issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its assigns, include only those with maturities of ninety days or less. This design allows participants immediate access to their funds.

The cost and market of funds held at LAMP, Inc. was \$1,241,720.97 at April 30, 2011.

**NOTE 4 – RECEIVABLES**

The net receivables at April 30, 2011, are as follows:

**Class of Receivables**

Trade	\$ 181,986.00
Less: Allowance for bad accounts	<u>(9,099.30)</u>
Net	<u>172,886.70</u>

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the year ended April 30, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital Assets, not being depreciated				
Land	\$ 7,500.00	\$ .00	\$ .00	\$ 7,500.00
Capital Assets, not being depreciated	7,500.00	.00	.00	7,500.00
Capital Assets, being depreciated				
Gas distribution system	5,821,895.56	370,289.91	.00	6,192,185.47
Less: accumulated depreciation	<u>1,885,282.22</u>	<u>186,240.00</u>	<u>.00</u>	<u>2,071,522.22</u>
Net Distribution System	3,936,613.34	184,049.91	.00	4,120,663.25
Equipment	94,037.92	29,149.27	.00	123,187.19
Less: accumulated depreciation	<u>72,899.21</u>	<u>11,748.84</u>	<u>.00</u>	<u>84,648.05</u>
Net Equipment	21,138.71	17,400.43	.00	38,539.14

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH  
ST. FRANCISVILLE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2011**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Furniture/fixtures	\$ 1,740.00	.00	.00	1,740.00
Less: accumulated depreciation	<u>745.71</u>	<u>248.57</u>	<u>.00</u>	<u>994.28</u>
Net Furniture/fixtures	994.29	(248.57)	.00	745.72
 Vehicles	 88,559.35	 25,649.00	 .00	 114,208.35
Less: accumulated depreciation	<u>82,271.11</u>	<u>12,053.24</u>	<u>.00</u>	<u>94,324.35</u>
Net Vehicles	<u>6,288.24</u>	<u>13,595.76</u>	<u>.00</u>	<u>19,884.00</u>
 Capital Assets, being depreciated, net	 <u>3,965,034.58</u>	 <u>214,797.53</u>	 <u>.00</u>	 <u>4,179,832.11</u>
Capital Assets, net	<u>3,972,534.58</u>	<u>214,797.53</u>	<u>.00</u>	<u>4,187,332.11</u>

**NOTE 6 – ACCOUNTS AND OTHER PAYABLES**

The payables at April 30, 2011, are as follows:

**Class of Payable**

Trade	\$ 82,399.89
Retainage	29,455.82
Payroll withholdings and related	4,145.00
Interest	11,189.53
Compensated absences	45,449.00
Customer deposits	<u>8,571.16</u>
 Total	 <u>181,210.40</u>

**NOTE 7 – LONG-TERM LIABILITIES**

The District was approved to issue Series 2008 Utility Revenue Bonds in the amount of \$2,790,000 to fund a gas line replacement/improvement project. The bonds will mature over a period of 40 years and bear interest at a rate of 4.25%. Monthly payments of \$12,220.20 began in September of 2009, increasing to \$14,900.54 in October of 2010. Additional proceeds under Series 2009 Utility Revenue Bonds were received during the current year in the amount of \$332,000.

Repayment of principal and interest is summarized below.

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH  
ST. FRANCISVILLE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2011**

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<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>
4/30/12	\$ 45,450.84	\$ 133,395.84
4/30/13	47,420.59	131,426.09
4/30/14	49,475.71	129,370.97
4/30/15	51,619.85	127,226.83
4/30/16	53,856.94	124,989.74
Next five years	306,385.22	587,848.18
Next five years	378,784.66	515,448.74
Next five years	468,292.18	425,941.22
Next five years	578,950.52	315,282.88
Next five years	715,757.65	178,475.75
Remaining years	<u>463,403.02</u>	<u>28,426.77</u>
 Total	 <u>3,159,397.18</u>	 <u>2,697,833.01</u>

Based on an agreement with the Louisiana Department of Transportation and Development executed on September 10, 1985, and pursuant to the provisions of La RS 48:381(C), the District owes \$255,180.98 for its share of line relocation costs on the Angola-Bains Highway. The total project costs \$293,513.90 which was paid by the La DOTD, but the District was responsible for 86.94% of it. An agreement was made with the La DOTD to repay 10% per year beginning with the fiscal year ending April 30, 2012. With installments of \$25,518.10 paid annually, this loan will be fully paid during the fiscal year ending April 30, 2022.

**NOTE 8 – LEASES**

*Operating Leases.* The District does not have any operating leases.

*Capital Leases.* The District has no capital leases.

**NOTE 9 – RETIREMENT PLAN**

All employees of the District have the opportunity to participate in a retirement plan through Oppenheimer Funds. The cost of this plan to the District during the year was \$4,240.12.

**NOTE 10 – VACATION AND SICK LEAVE**

The District's employees earn vacation time at varying rates based on their years of service. They may carry a certain amount of unused vacation leave into the subsequent period and may be paid for unused vacation time upon termination at the approval of the Board. Employees may accrue leave without limitations. Unused sick leave is not paid upon termination.

There was \$45,449 in accrued vacation leave earned at April 30, 2011.



**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH  
ST. FRANCISVILLE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2011**

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**NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS**

The District does not provide post-employment benefits.

**NOTE 12 – COMMITMENTS AND CONCENTRATIONS**

*Commitments:* The District is a member of the Louisiana Municipal Gas Authority (hereinafter referred to as the Authority). As a member of the Authority, the District agrees to purchase all of its natural gas for resale to its customers through the Authority's gas distribution system. The Authority prepares an annual budget that includes an estimate of all of the Authority's operations, maintenance and general expenses relating to the operation and conduct of the business of the Authority during the year. The total amount set forth in this budget is paid monthly by each member of the Authority based on a percentage of each member's cost of gas. This contract was executed for a ten year period, but it can be terminated by either party by giving written notice to the other party at least six months prior to termination.

*Concentrations:* The District provides natural gas services to two customers totaling 90% of annual sales. Sales of \$791,865 to the Eastern Louisiana State Hospital accounted for 31% of total sales, and sales of \$1,503,781 to Louisiana State Penitentiary accounted for 59%.

**NOTE 14 – RELATED PARTY TRANSACTIONS**

There were no related party transactions requiring disclosure.

**NOTE 15 – LITIGATION AND CLAIMS**

There is no litigation that would require disclosure in the accompanying basic financial statements.

**NOTE 16 – SUBSEQUENT EVENTS**

There were no subsequent events between the close of the fiscal year and the issuance of this report that materially impact the accompanying financial statements.

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## **SUPPLEMENTARY INFORMATION**

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**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH  
ST. FRANCISVILLE, LOUISIANA  
SCHEDULE OF OPERATING EXPENSES  
YEAR ENDED APRIL 30, 2011**

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	<u>Business-type Activities</u>
<b><u>ADMINISTRATIVE</u></b>	
Billing service	\$ 746.65
Board meetings/travel	1,355.28
Office and supplies	8,051.95
Official publications	679.20
Professional fees	18,878.76
Taxes and licenses	<u>2,674.40</u>
Total Administrative	32,386.24
 <b><u>DEPRECIATION/AMORTIZATION</u></b>	 210,581.65
 <b><u>EMPLOYEE AND RELATED EXPENSES</u></b>	
Drug testing expense	602.65
Group insurance/workers' comp	63,372.11
Payroll taxes	19,716.32
Retirement	4,240.12
Salaries and per diem	230,944.55
Uniforms	<u>2,066.05</u>
Total Employee and Related Expenses	320,941.80
 <b><u>OCCUPANCY</u></b>	
Insurance	31,782.00
Telephone	8,160.43
Utilities	<u>466.00</u>
Total Occupancy	40,408.43
 <b><u>PERSONAL SERVICES</u></b>	
Gas purchases	1,356,095.14
Bad debts	2,625.42
Engineering and legal fees	16,305.58
Repairs and maintenance	125,692.38
Truck expense	<u>26,828.48</u>
Total Personal Services	<u>1,527,547.00</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>2,131,865.12</u></b>

See Independent Auditors' Report

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH  
ST. FRANCISVILLE, LOUISIANA  
STATISTICAL DATA  
YEAR ENDED APRIL 30, 2011**

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<u>Month</u>	<u>Purchases</u>		<u>Cost per</u> <u>MMBTU</u>	<u>Sales</u>
	<u>MMBTU</u>	<u>Amount</u>		
May	15,745	\$ 69,375.53	\$ 4.67	\$ 136,605.36
June	13,337	58,764.42	4.70	123,584.04
July	12,787	62,695.11	5.25	117,936.74
August	13,116	64,841.21	5.32	153,167.87
September	13,841	53,096.26	4.14	124,405.07
October	21,319	87,321.83	4.41	131,017.31
November	33,178	82,305.18	3.70	341,513.48
December	51,288	237,610.45	5.20	205,590.24
January	56,592	258,299.69	4.66	485,961.32
February	42,082	195,399.13	4.76	363,778.59
March	27,184	106,635.83	4.20	235,923.49
April	17,700	79,750.50	4.83	127,298.72
<b>Total Purchases</b>	<b>318,169</b>	<b>\$ 1,356,095.14</b>		
			<b>Total Sales</b>	<b>\$ 2,546,782.23</b>

See Independent Auditors' Report

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH  
ST. FRANCISVILLE, LOUISIANA  
COMPARATIVE DATA  
YEAR ENDED APRIL 30, 2010**

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	<u>2011</u>	<u>2010</u>
<b><u>SUMMARY OF STATEMENT OF REVENUES</u></b>		
Operating revenues	\$ 2,554,434	\$ 2,960,099
Cost of revenues - gas purchases	1,356,095	1,677,121
Gross profit	<u>1,198,339</u>	<u>1,282,979</u>
Operating expenses	565,188	684,310
Depreciation/amortization	210,582	190,399
Operating income	<u>422,569</u>	<u>408,270</u>
Non-operating revenues	5,043	3,889
Non-operating expenses	(116,416)	(120,315)
Net Income	<u><u>311,196</u></u>	<u><u>291,844</u></u>

**OTHER DATA**

Capital assets, net of accumulated depreciation	4,187,332	3,983,598
Net working capital	2,284,998	1,891,966
Total assets	6,864,756	6,238,284
Long-term liabilities	3,343,609	3,085,676
Total equity	3,268,967	2,957,771
Average no. of customers	369	369
Total cubic feet of gas sold (MCF)	307,899	307,494

See Independent Auditors' Report

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH  
ST. FRANCISVILLE, LOUISIANA  
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS  
APRIL 30, 2011**

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In compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature, this schedule of per diem/compensation paid to Board members is presented for the year ended April 30, 2011.

<u>Board Member Name/Address</u>			<u>Amount</u>
Kevin Beauchamp	5916 Highway 966, St. Francisville 70775	635-6418	\$ 600.00
David Honeycutt	P. O. Box 176, Angola 70712	655-4832	250.00
Bess Kelley	P. O. Box 430, St. Francisville 70775	635-6207	400.00
Anthony Long	10981 Walker Rd., St. Francisville 70775	634-2387	650.00
Laura Beth Lott	P. O. Box 269, St. Francisville 70775	635-6563	200.00
Dennis Neal	P. O. Box 452, St. Francisville 70775	721-8188	250.00
David Norwood	7764 Highland Rd., St. Francisville 70775	635-6656	650.00
Terry Osterberger	12321 Highway 965, St. Francisville 70775	635-3956	450.00
C. B. Owen	P. O. Box 1368, St. Francisville 70775	245-4464	500.00
Edward Sharper	P. O. Box 765, St. Francisville 70775	635-3962	600.00
Glen Thomas	9441 Sligo Rd., St. Francisville 70775	784-9080	<u>600.00</u>
Total			<u>5,150.00</u>

See Independent Auditors' Report

**MARY SUE STAGES, CPA**  
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.....  
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*Louisiana Society of Certified Public Accountants*  
*American Institute of Certified Public Accountants*  
*Association of Governmental Accountants*  
*Governmental Audit Quality Control Center*

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board Members of the  
Gas Utility District No. 1 of West Feliciana Parish  
P. O. Box 2485  
St. Francisville, Louisiana 70775

We have audited the basic financial statements of the business-type activities of the Gas Utility District No. 1 of West Feliciana Parish as of and for the year ended April 30, 2011, and have issued our report thereon dated September 9, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Gas Utility District No. 1 of West Feliciana Parish's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Gas Utility District No. 1 of West Feliciana Parish's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Gas Utility District No. 1 of West Feliciana Parish's internal control over financial reporting.

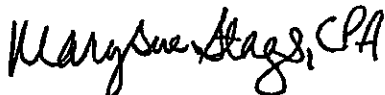
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Gas Utility District No. 1 of West Feliciana Parish's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as finding 2011-01.

This report is intended solely for the information and use of management, the West Feliciana Parish Police Jury, the Legislative Auditor and others within the entity and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Mary Sue Stages, CPA,  
A Professional Accounting Corporation  
September 9, 2011



**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH  
ST. FRANCISVILLE, LOUISIANA  
SCHEUDLE OF FINDINGS AND RESPONSES  
YEAR ENDED APRIL 30, 2011**

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We have audited the financial statements of the Gas Utility District No. 1 of West Feliciana Parish as of and for the year ended April 30, 2011, and have issued our report thereon dated October 29, 2010. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of April 30, 2011, resulted in an unqualified opinion.

**Section I      Summary of Auditor's Reports**

**A.   Report on Compliance and Internal Control Material to the Financial Statements**

Compliance	Material to Financial Statements	■ No
Internal Control	Significant Deficiency(ies)	■ No
	Material Weaknesses	■ No

**B.   Federal Awards**

N/A

**Section II      Financial Statement Findings**

**2011-01      Compliance with Bond Requirements**

**Criteria.** Requirements related to the Series 2008 Utility Revenue Bonds include the establishment of a sinking, reserve and contingency fund. Each fund must be separately maintained, i.e. each must have its own bank account appropriately titled.

**Condition.** Although the required monthly deposits are separately reported, these three funds do not have individual bank accounts.

**Impact.** The District is not in compliance with its bond covenant.

**Recommendation.** We recommend that three separate bank accounts be established appropriately titled and the accumulated funds currently maintained in the operating account be deposited as soon as possible.

**Management's Response.** We will comply with this recommendation.

**Section III      Federal Award Findings and Questioned Costs**

N/A

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH  
ST. FRANCISVILLE, LOUISIANA  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
YEAR ENDED APRIL 30, 2011**

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**Section I      Internal Control and Compliance Material to the Financial Statements**

2009-02 Compliance with Audit Law  <i>Recommendation:</i> The District should file its annual financial statements in accordance with LSA RS 24:514.	<i>Resolved</i>
2010-01 Compliance with Audit Law  <i>Recommendation:</i> The District should file its annual financial statements in accordance with LSA RS 24:514.	<i>Resolved</i>

**Section II      Compliance and Internal Control Material to Federal Awards**

N/A

**Section III      Management Letter**

N/A

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH  
ST. FRANCISVILLE, LOUISIANA  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
YEAR ENDED APRIL 30, 2011**

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**Section I      Compliance and Internal Control Material to the Financial Statements**

Please refer to management's response in the schedule of findings and questioned costs.

**Section II      Compliance and Internal Control Material to Federal Awards**

N/A

**Section III      Management Letter**

N/A